



Approved: February 17, 2009

KHPA Board Meeting January 20, 2009

MINUTES

Board Members Present via Teleconference:

Dr. Vernon Mills

Guests:

Linda Sheppard, Director, Kansas Insurance Department

Martin Kennedy, Deputy Director, Department on Aging

Representative Brenda Landwehr, Chair of House Health and Human Services Committee

President Stephen Morris, President of the Senate

Senator James Barnett, Chair of Senate Public Health and Welfare Committee

Representative Paul Davis, Minority Leader of the House

Ray Merrick, Majority Leader of the House

Board Members Absent:

Arneatha Martin

Ex-Officio Members Absent:

Sandra Praeger, Commissioner, Kansas Insurance Department

Duane Goossen, Secretary, KS Department of Administration

Alexa Posny, Commissioner, Kansas Department of Education

Joe Tilghman, Board Chair

Board Chair Tilghman called the meeting to order. He introduced Representative Brenda Landwehr and President Stephen Morris who spoke to the Board about the critical issues to be decided upon during the upcoming legislative session. Those issues included: the current state budget deficit due to the national economic downturn, continued rise in health care costs, workforce issues for physicians and other health professionals, and the need for continued development of energy and transportation policies. The legislators commended the work being done by KHPA, advised they will continue to work with KHPA leadership to advance the agency's legislative agenda, and warned that there will be close scrutiny by legislators for any new proposals which will involve additional spending due to the state's dire fiscal situation. Board members then responded with questions and comments related to: the increase on tobacco tax and the statewide indoor clean air proposals, increases in health care costs, continued development of health information technology (IT), and suggestions for the Board which would improve communication/processes with legislators.

Joe Tilghman, Board Chair

Board Chair Tilghman reconvened the KHPA Board meeting after hearing from Legislators. There was discussion regarding possibility of scheduling a December 2009 Board meeting; a decision confirming this additional meeting will be

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made at a later date.

The draft minutes from the November 18, 2008 Board meeting were reviewed.

ACTION: Motion was made, seconded and carried to approve the Board minutes as written.

The proposed expanded membership for the Health Reform Advisory Councils (for Consumer, Provider, Purchaser, and At-Large) was reviewed, along with the revised Council Charter.

ACTION: Motion was made, seconded and carried to approve the additional Council membership and the revised Advisory Council Charter.

Dr. Marci Nielsen, Executive Director

2008 KHPA Annual Report: The full 2008 KHPA Annual Report was reviewed.

ACTION: Motion was made, seconded and carried to approve the 2008 KHPA Annual Report as written.

Mental Health Prescription Drug Advisory Committee: The role of the Mental Health Prescription Drug Advisory Committee was explained and reviewed. Dr. Nielsen advised that it was put together to help the Medicaid program understand ways in which we can improve safety for Medicaid Pharmaceuticals that are provided for individuals with mental health issues. This committee will be asked to make recommendations about a preferred drug list and prior authorization etc.

Updates to KHPA website: Dr. Nielsen advised that a number of documents were now available on the KHPA website at: www.khpa.ks.gov. Those documents include: 2009 KHPA Annual Report, Legislative Coordinating Council Studies and the Kansas Medicaid Transformation.

Coordination of Federal and State Health Reform Efforts: Dr. Nielsen reported that the agency will be receiving regular communications from the federal Health and Human Services (HHS) Office which are specific to health reform efforts being planned at the federal level but are hosted by individual states' communities. A recent example was a health care forum held in Hutchinson in December, sponsored by the HHS Office, of which a number of community leaders and businesses were invited to participate. KHPA also responded to a Federal survey inquiring about public opinion on health policy by providing background and information from its 2008 community dialogue tour. The Board will be kept updated on any future events in their area.

Dr. Barbara Langner, Director of Policy

Review of 2009 Legislative Hearings and Committees. The Board reviewed a list of current membership to the House Appropriations Committee; House Health and Human Services Committee, the Senate Ways and Means Committee and the Senate Public Health and Welfare Committee.

Legislative Coordinating Council (LCC) Studies: Dr. Langner advised that the 20 LCC studies that were assigned by the 2008 Legislature to KHPA have been completed and that the documents can be accessed at www.khpa.ks.gov

Small Business Health Reform Proposals: The Board reviewed materials related to small employer reform models to include: 1) Young Adult Proposal, 2) Mini-Med and Reinsurance Proposal, and 3) Business Health Partnership (BHP) and Section 125 Proposal. Steve Schramm, consultant with SchrammRaleigh joined the discussion via conference phone.

ACTION: A decision was made to table the Young Adult Proposal and the BHP/Section 125 Proposal and to streamline the Mini-Med and Reinsurance Proposal and return with a revised proposal at the February 17th Board meeting

Dr. Andy Allison, Deputy Executive Director and Director of Medicaid and HealthWave Programs

Kansas Medicaid Transformation – Executive Summary: Dr. Allison reported that the fourteen separate program reviews were completed. The Board received an executive summary that had a brief description on the review process, the key findings, and recommendations. He added that updates on the status of the recommendations will be provided to the Board on a regular basis.

ACTION: Motion was made, seconded and carried to accept the Medicaid Transformation process.

Update on Data Consortium Recommendations for Dashboard Health Indicators: The complete Kansas health indicator report will be online this week. Staff is currently working on how to perfect the way we present the indicators that reflect the health of the state; insurance status, health outcomes, smoking prevention and a wide variety of indicators.

Legislative Post Audits: Testimony was provided to the Senate Health and Welfare Committee regarding a recent KHPA audit related to Data Mining. Staff are reviewing the findings of this audit and will be taking necessary steps to implement the recommendations.

Federal Economic Stimulus Package for State Medicaid Program:

Dr. Allison provided the board with a letter to the congressional delegation that addressed the pending legislation now before Congress which would provide upwards of \$80 billion to States Medicaid programs over a 27-month period as part of an economic stimulus package. He reviewed a state-by-state analysis which summarized the disparate impact of the House proposed package across states due to the current formula which ties Medicaid payments to increases in unemployment rates.

Nursing Facility Provider Tax Workgroup:

Board Chair Joe Tilghman and Secretary Kathy Greenlee reported that this workgroup held its initial meeting last week to discuss the expectations of the workgroup and to determine next steps in proposing implementation of a nursing facility provider tax for Kansas. Secretary Greenlee advised that the Governor would support a KHPA Board recommendation for this provider tax with the intent that Medicaid community-based services for the aging would be enhanced as a result. The workgroup will provide more information at the February 17th Board meeting.

Review of Quarterly Medicaid Reports: Dr. Allison reviewed the quarterly Medicaid reports relating to: Expenditures per Beneficiary by Population Group, Total Expenditures by Population Groups and Beneficiaries by Population Group.

Joe Tilghman, Board Chair

Board Chair Tilghman introduced Senator James Barnett, Representative Paul Davis and Representative Ray Merrick who all provided additional remarks for Board members. They reviewed critical issues facing the 2009 Legislature, they each thanked KHPA Board members and staff for their hard work especially in the area of Medicaid Transformation and advised they all had an "Open Door" policy if any Board member has a specific question or concern to discuss. Senator Barnett advised that a recommendation had been made for him to oversee a KHPA review which would be conducted by a number of key legislators. The Kansas Health Institute (KHI) was selected to provide an agency scope of activities which would begin the review process. He also invited KHPA Board members and key agency leaders to participate in a new "Health Caucus" which would include those legislators interested in the agency's mission and vision. There will be more information about these initiatives in the near future.

Phil Elwood, Board Legal Counsel & Ann Ruselowski, KHPA General Counsel

Current Board Policies: The KHPA Board Conflict of Interest Policy, which was originally approved by the Board in June 2006, was reviewed by the Board members. This Policy outlines definitions and protocol relating to disclosure of conflict of interest, and is one of the Board policies which will be annually reviewed by Board members. A brief discussion was held regarding the annual completion of the Statement of Substantial Interest statement which is done April of each year, sent to the Secretary of State's Office. The Legislative Communication's Policy, which was originally approved by the Board in August 2006, was also reviewed by the Board members. This Policy outlines definitions and protocol relating to Legislative and external communications, this document is reviewed annually by the Board members.

ACTION: Chair Tilghman requested the Governance and Nominating Committee develop a proposal to add a "Legislative Affairs" Committee to those standing Committees of the Board. Garen Cox, Committee Chair, will work with Committee members and Dr. Nielsen to develop this proposal and will bring back for the Board's review at the February 17th Board meeting.

Cephalon & Eli Lilly Global Settlements: Ms. Ruselowski provided information to the Board regarding the Cephalon Inc. Settlement and the Eli Lilly Settlement. The Kansas Medicaid program received over \$1.1 million in reimbursements in the

Attorney General settlement with the pharmaceutical manufacturer, Cephalon Inc. Ms. Ruselowski also updated the board on the ongoing Eli Lilly settlement.

Scott Brunner, Chief Financial Officer

Agency FY 2009 Monthly Expenditure Report: The FY 2009 Expenditure Report through December 31, 2008 was reviewed by the Board. There is currently a financial audit being done for this type of reporting mechanism to the board, to ensure that the Board and the Finance and Audit Committee are receiving accurate financial information on a monthly basis.

ACTION: A report on this audit will be made at the February Board meeting.

KHPA Disaster Recovery Plan: Mr. Brunner explained the Disaster Recovery Plan that KHPA is currently coordinating. KHPA is involved in on the statewide effort planning group with Adjutant General's office. The main part is to identify our central services & functions that would need to be restored in a certain time frame and what we would do in the event that we couldn't get something back up and running in the time frame.

State Employee Health Plan Expenditures: This item was reviewed and a 2008 Plan Year SEHP expenditure summary will be brought back at the February 17th Board meeting.

Ned Holland, Chair of Board Finance and Audit Committee

Appointment of Interim Leader of the Office of Inspector General (OIG): Mr. Holland provided the Board with an appointment letter for the Interim Leader of Office of the Inspector General for Felany Opiso-Williams.

ACTION: Motion was made, seconded and carried to approve the appointment of Felany Opiso-Williams as the Interim Leader of Office of the Inspector General. This appointment will be for a period of 120 days at which time the Board will review this vacancy and determine next steps for recruitment and hire.

2009 Office of the Inspector General Annual Report: Mr. Holland provided the Office of the Inspector General's 2009 Annual Report and the Home Health Audit with management's response to the Board.

ACTION: Motion was made, seconded and carried to approve the 2009 Office of the Inspector General Annual Report as is.

Doug Farmer, Director of the State Employee Health Benefit Program

Status of Health Fund: Mr. Farmer provided information to the Board regarding the status of the State's health fund reserve calculation for medical, pharmacy, dental and vision. Mr. Farmer also reviewed the Governor's budget recommendations which proposed a 7-pay period moratorium on the State's contribution to the state employees' health fund. The proposed moratorium will result in a \$58.4 million reduction in revenues to the State health fund. In order to keep this fund actuarially sound, it would require a change to the current premium rate assumptions before Plan Year 2011; staff will continue to monitor this proposal and provide information to the Board.

Joe Tilghman, Board Chair

There were no Public Comments received. Meeting was adjourned